

## Highlights of Work by the Subcommittee on Oversight and Investigations 2001 Through 2006

Following are examples of the Subcommittee's work from 2001 through 2006. For more complete information on Subcommittee activity see the Report on Activity of the Committee on Energy and Commerce for the 107th, 108th, and 109th Congresses.

### Highlights of O&I Work in the 107th Congress

<b><u>Health and Health Care</u></b>		
	<b>Medicare Drug Reimbursements: AWP Investigation (Hearing September 21, 2001)</b>	Identified how flaws in Medicare's drug reimbursement system were being exploited to inflate payments made for drugs by Medicare and by Medicare beneficiaries. Showed that this pricing abuse had cost taxpayers billions of dollars over several years and had forced patients undergoing certain chemotherapy and respiratory treatments to pay hundreds of millions of dollars more in out-of-pocket expenses than necessary. Investigative work and hearing brought focus on an issue that had prompted legal action at the state level around the country and built momentum for eventual legislative remedy in the Medicare Modernization Act of 2003, saving \$15.7 billion over ten years.
	<b>The ImClone Cancer Drug Inquiry (Hearings June 13 and September 10, 2002)</b>	Prompted fundamental administrative changes at FDA to improve the process for assessing and approving vital new drugs. As a result, FDA issued new guidance on how industry can speed and improve the process for getting drugs approved. It is also now working with SEC on company claims – a matter relating directly to O&I's focus on touting and insider trading. At the hearing, former ImClone CEO Samuel Waksal invoked his Fifth Amendment right against self-incrimination; he later pleaded guilty to tax evasion and insider trading. Committee also stood firm against attempts to mislead the Committee, issuing a criminal referral to the DOJ regarding Martha Stewart. She was subsequently charged, convicted, and served time for obstructing justice and lying to federal investigators.
	<b>Accutane Investigation (Hearing December 11, 2002)</b>	Focused on two safety concerns: birth defects and psychiatric side effects such as depression and suicide. Investigation helped spur FDA's approving a stronger risk management plan for Accutane and generic versions, to make sure pregnant females don't use the drug, and strengthened warnings on suicidality.

	<b>Imported Pharmaceuticals (Hearing June 7, 2001)</b>	Examined safety issues related to the personal importation of drugs in the mail and across the U.S.-Mexico border. Information developed at the hearing concerning counterfeit and other unapproved drugs led the Drug Enforcement Agency to propose significantly restricting personal imports from Mexico as well as an FDA recommendation to ban personal drug mail imports, save for “compassionate use” shipments. Information developed concerning commercial shipments of counterfeit drugs also led the House to enact provisions in the Public Health Security and Bioterrorism Response Act that enhanced FDA enforcement capabilities.
	<b>Security of Private Medical Information (Hearing May 23, 2001)</b>	Revealed that sensitive medical and other private information of Medicare recipients was at risk of unauthorized disclosure or misuse because of lax or ineffective security controls. At the Subcommittee’s urging, the Centers for Medicare and Medicaid Services disconnected its Medicare transaction system from the Internet. As a result of this oversight, the House passed a bill that requires regular testing of Medicare contractor computer systems and security enhancements.
	<b>America’s Blood Supply in the Aftermath of September 11 (Hearing September 10, 2002)</b>	Examined safety and supply issues confronting the nation's blood supply in the context of lessons learned from the September 11th tragedies. At the hearing, released a GAO report, requested by the Subcommittee Chairman, which highlighted concerns about the adequacy of the current supply, trends in supply and demand, the response to the events of September 11th and subsequent emergency planning, the potential impact of new donor restrictions (such as those related to Mad Cow Disease), and changes in the price of blood.
	<b>Use and Abuse of OxyContin (Field Hearing, Bensalem Township, PA, August 28, 2001)</b>	Exposed the extent of abuse of Oxycontin—at the time the most prescribed schedule II drug in the United States. Inquiry led to increased scrutiny of Oxycontin’s manufacturer by the DEA and informed Committee work to seek a potential solution to the burgeoning prescription drug abuse problem. Subsequently, a GAO study, requested by the Subcommittee Chairman, found that states’ prescription drug monitoring programs benefited the states by reducing doctor-shopping and improving state investigations into drug diversions. This oversight helped lead to legislation on prescription drug monitoring.
	<b>Human Cloning Research (Hearing March 28, 2001)</b>	Examined issues raised by human cloning research. Highlighted the moral and scientific concerns over human cloning research and spurred consideration of different types of legislation limiting or banning cloning research. Ultimately, the House passed H.R. 2505 in July 2001 banning all forms of human cloning research.

	<b><u>Energy and Environment</u></b>	
	<b>Oversight of General Management of the Department of Energy</b>	Comprehensive oversight of the Department of Energy's (DOE) operations and management involved a number of inquiries: launched inquiry into specific allegations of misuse of government money through purchase cards, blanket purchase agreements, and other procurement vehicles at Los Alamos National Laboratory (LANL); monitored site characterization and licensing activities at the proposed Yucca Mountain repository site; reviewed DOE's use and management of performance-based incentive (PBI) contracting, including how DOE incentivized site safeguard and security activities at sites with category I and II special nuclear materials; initiated a review of DOE's policies and practices with respect to approval of contractor-initiated lawsuits against private sector competitors. DOE took multiple administrative actions following these reviews, including more effective PBI incentives that target physical security performance.
	<b>Nuclear Safety at DOE Facilities</b>	Conducted oversight of issues regarding radiological exposures to workers at LANL because of concerns about the delayed response of the National Nuclear Security Administration (NNSA) to a recommended Notice of Violation (NOV) from the Office of Environment, Safety, and Health. Subsequently, NNSA officials approved the NOV, which promptly was issued to the University of California, which operates LANL under contract with DOE. In response to ongoing nuclear safety problems at LANL, the Committee passed legislation in the Energy Policy Act of 2005 to end the automatic remission of nuclear safety fines and penalties assessed against non-profit contractors, such as the University of California at LANL.
	<b>Office of Environmental Management Cleanup Program (Hearing July 19, 2002)</b>	Reviewed several major nuclear weapons waste cleanup projects managed by the DOE's Office of Environmental Management, in order to ensure that DOE was proceeding in a timely and effective manner to reduce these environmental threats. Also reviewed DOE's implementation of its new accelerated cleanup reform program and the status of state-based cleanup agreements.
	<b>Whistleblower Protection for DOE and NRC Employees</b>	Worked extensively with whistleblowers to uncover waste, fraud, mismanagement, and worker safety problems at Nuclear Regulatory Commission (NRC) and DOE facilities, including Los Alamos. Examined DOE's policy to reimburse the legal fees of its site contractors who repeatedly fought claims of retaliation by whistleblowers. This work led to the passage of two provisions in the Energy Policy Act of 2005, including a provision to limit DOE's authority to automatically reimburse the legal fees of contractors that

		fight whistleblowers and a provision to extend whistleblower protections to contractors and subcontractors of the NRC.
	<b>Review of Climate Modeling for Predicting Climate Change (Hearing July 25, 2002)</b>	Examined the use of climate model simulations in the 2001 U.S. National Assessment of the Potential Consequences of Climate Variability and Change. Focused on the inability of climate models to make regional predictions of global warming effects, prompting the government scientist who co-chaired the National Assessment to affirm that models used in the assessment did not project an accurate picture of potential climate change impacts.
	<b>International Greenhouse Gas Emissions Reporting and Monitoring</b>	Launched GAO review of how the United Nations assessed the quality of data on greenhouse gases for the Framework Convention on Climate Change. The review, released in the 108th Congress, revealed the lack of assessment of the “overall quality of submissions” and large gaps in the data and uncertainties about the quality of emissions data – creating a limited picture of international emissions, especially from developing countries.
	<b>Role of Air Pollutants in Global Climate Change</b>	Launched GAO review to assess the state of scientific understanding of certain air pollutants’ climate change contributions, past and future trends in emissions/concentrations in selected developed and developing countries, and the economic factors that influence these trends. Resulting study, released in the 108th Congress, emphasized limited understanding both of the pollutants’ impact and of emissions trends, especially from developing countries.
	<b><u>Telecommunications</u></b>	
	<b>Preventing Reception of Unwanted Adult TV Programming</b>	Reviewed and raised concerns about FCC’s ensuring that cable companies met obligations to prevent “signal bleed,” in which cable customers may experience some transmission of cable programming that they did not request or would prefer to be blocked entirely (such as adult-themed programming). Prompted FCC to issue a notice to cable providers of their legal responsibilities to address consumer concerns effectively. FCC also publicized consumer rights to have objectionable programming blocked and initiated a study to ascertain the extent of the signal bleed problem.
	<b><u>Commerce, Trade, and Consumer Protection</u></b>	
	<b>Ford-Firestone Replacement Tire Investigation (Hearing June 19, 2001)</b>	Investigation of the Ford-Firestone tire-safety controversy initially launched in the 106th Congress led to passage of the TREAD Act – the most extensive upgrade of auto safety rules in more than a decade. Continuing investigation found that some of the Ford-suggested

		replacement tires performed as poorly as or worse than the Firestone tires that were being recalled by Ford, and that Ford's testing of Firestone tires was performed in a questionable manner. As a result, NHTSA reviewed all suggested replacement tires that had questionable records, ultimately opening a formal defect investigation into one such tire line being used by Ford (which Ford promptly dropped from its replacement tire program). Firestone also questioned the performance ability of the Ford Explorer on which the tires in question were mounted, and — based on additional information revealed by the Subcommittee — NHTSA committed to undertake a more thorough review of the Ford Explorer.
	<b>Computer Security at the Department of Commerce (Hearing August 3, 2001)</b>	Released findings of a requested GAO investigation, which found systemic and serious vulnerabilities in the Commerce Department's management of cyber security. As a result, the Department pledged at hearing to undertake significant reforms of its security policies and practices.
	<b><u>Homeland Security and Critical Infrastructure Protection</u></b>	
	<b>Federal Bioterrorism Preparedness Programs (Hearings October 10 and November 1, 2001)</b>	Oversight of the adequacy of Federal, state, and local efforts to prepare for and effectively respond to bioterrorism and other public health emergencies led to the passage of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002.
	<b>CDC Select Agent Program</b>	Following oversight hearing in the 106th Congress, continued oversight of the management of the select agent registration program by the CDC. The select agent program regulates the transfer of dangerous biological agents, such as anthrax, Ebola, and the plague, and imposes safety and security requirements on recipients of the agents. Committee staff received regular briefings from CDC and the GAO on the status of reforms to the program and developed corrective legislation that became law as part of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002.
	<b>Protection of Critical Infrastructures (Hearing April 5, 2001)</b>	Continued review of Federal and private sector efforts to secure the nation's critical infrastructures from attack or disruption, as promoted under Presidential Decision Directive (PDD) 63. As part of this review, investigation focused on critical Federal agency computer systems, and revealed the lack of progress various agencies were making in identifying and protecting their critical systems. In the area of chemical facility security, the Committee also requested that GAO conduct a review of both Federal and private sector efforts to strengthen chemical facility security in the wake of the terrorist attacks

		<p>of September 11th. The Committee also engaged in significant oversight activity in the area of drinking water facility security, which led to the passage of corrective legislation as part of the Public Health Security and Bioterrorism Preparedness and Response Act.</p>
	<p><b>Security of NIH and CDC Facilities</b> (Hearing November 7, 2001)</p>	<p>Conducted oversight of security at sensitive bioterrorism research facilities and worked with the Inspector General of the Department of Health and Human Services to assess the security at CDC and National Institutes of Health (NIH) facilities. During the hearing, NIH and CDC officials testified that they were in the process of implementing enhanced security measures at their facilities, particularly those storing or handling dangerous biological agents or toxins. The Inspector General also reviewed FDA facilities, following Committee request.</p>
	<p><b>Security at Nuclear Power Plants</b> (Hearings December 5, 2001 and April 11, 2002)</p>	<p>Following September 11, the Subcommittee began a thorough review of the security of the nation's 103 operating nuclear power plants. Oversight focused on ensuring that the NRC, the Administration, and the utilities were moving expeditiously to upgrade the physical security at nuclear power plants to reflect the new threat environment. It included review of the reasons for a delay in establishing a new design basis threat for nuclear facilities and the security of NRC-licensed radioactive materials. In response to this work, the Committee passed legislation in the Energy Policy Act of 2005 that required NRC to conduct a comprehensive review of its security requirements at nuclear power plants.</p>
	<p><b>Creation of the Department of Homeland Security</b> (Hearings June 25 and July 9, 2002)</p>	<p>Reviewed those aspects of President Bush's proposed Department that impacted matters within the Committee's jurisdiction – mainly, public health emergency preparedness and response, counter-terrorism research and development, and critical infrastructure protection. As a result, the Committee developed and ordered reported a bipartisan Committee Print that made modifications to the Administration's proposal, which was forwarded to the Select Committee on Homeland Security as the Committee's official recommendations concerning the creation of the Department of Homeland Security. The Select Committee adopted virtually all of the Committee's key recommendations.</p>

	<b>Nuclear Smuggling (Hearings July 9, 2002 and October 7, 2002)</b>	Oversight, including several classified hearings, in the 107th Congress revealed inadequate Federal government response to the risk of radiological material coming through our ports and borders. As a result of this work, U.S. Customs and DOE improved coordination and Customs started deploying portal radiation-monitoring systems along the border with Canada. FedEx and UPS took steps to heighten their security procedures, as well.
	<b>DOE's Non-Proliferation Programs</b>	Continued review of the DOE's non-proliferation programs and, in particular, the U.S./Russian Highly Enriched Uranium (HEU) Agreement. Requested the National Security Council review the proposed amendment to the HEU agreement between the United States Enrichment Corporation and its Russian counterpart, Tenex. Subsequently, the amendment was rescinded, and certain changes to the amendment were made before it was re-approved in 2002.
	<b><u>Corporate Accounting Practices and Oversight</u></b>	
	<b>Investigation into the Financial Collapse of Enron (Hearings January 24, February 5, February 7, February 14, and March 14, 2002)</b>	Conducted the leading Congressional investigation into the financial collapse of Enron and related accounting issues. Exposed deliberate efforts by Enron, with the assistance of Arthur Andersen and several financial institutions, to manipulate and misrepresent Enron's financial condition over several years. Committee discovery and subsequent release of the Sherron Watkin's memo to Chairman and CEO Ken Lay provided key evidence that Lay knew of accounting shenanigans significantly earlier than he had claimed. The investigation also contributed to the discovery of the destruction by Andersen personnel of documents relevant to Enron investigations by the Committee, the SEC, and Federal criminal investigators and uncovered the "smoking gun" document that led to Andersen's eventual obstruction of justice prosecution. The investigation's five days of hearings, highlighted for the public and the Congress the significant problems that led to the passage of corporate governance and accounting reform legislation in mid-2002. Following the hearings, Federal criminal charges were brought against Andersen, one of its senior partners, and several former Enron executives and international financiers. One of the former executives, Michael Kopper, pleaded guilty to the charges against him, while former CFO Andrew Fastow, former CEO Jeffrey Skilling, and Ken Lay were eventually tried and convicted of securities fraud and related charges following the Federal criminal investigations.

<p><b>Investigation of Capacity Swap Accounting by Global Crossing and Qwest</b>  <b>(Hearings September 24 and October 1, 2002)</b></p>	<p>Investigated reciprocal sale transactions of optical capacity between Global Crossing and Qwest. Examined whether these capacity swaps were sham transactions, designed to boost revenue and mislead investors about the deteriorating financial conditions of the two firms. The investigation uncovered the existence of side agreements in several of these swap-type transactions that were not shared with relevant accounting personnel and that caused serious accounting problems once discovered, particularly for Qwest. Information uncovered in the investigation also raised significant questions as to the legitimacy of these capacity swaps overall. Just prior to the first Subcommittee hearing, Qwest announced that it was restating its prior financial results due to accounting irregularities on the capacity swaps under investigation by the Subcommittee. Subsequent to the hearings, Global Crossing announced a restatement of financial results due to errors in capacity swap accounting investigated by the Subcommittee. Gary Winnick, former Chairman of Global Crossing, offered at hearing to place \$25 million of his own money into a trust account to repay employees who lost money in the company.</p>
<p><b>Accounting Fraud at Worldcom, Inc.</b></p>	<p>Investigated WorldCom's announcement that it would restate its prior earnings results by \$3.9 billion, due to improper accounting for certain expenditures. The investigation revealed internal WorldCom documents showing the company's efforts to prop up its financial performance in the face of rapidly eroding telecommunications business and identified a trail of knowledge about improper accounting into the Executive suite. The Committee's efforts highlighted significant problems that ultimately led to the passage of corporate governance and accounting reform legislation in mid-2002. The company subsequently filed for bankruptcy, and adjusted its financial restatement from \$3.9 billion to over \$9 billion. WorldCom CEO Bernie Ebbers was subsequently convicted for securities fraud and other charges, and other executives pleaded guilty to related offenses.</p>
<p><b><u>Miscellaneous Oversight and Investigations</u></b></p>	
<p><b>Charitable Giving after 9/11: Use of Charitable Donations by September 11 Victim Funds</b>  <b>(Hearing November 6, 2001)</b></p>	<p>Investigated emerging questions about whether charitable organizations, particularly the American Red Cross and September 11th Fund, were disbursing hundreds of millions of dollars of contributions to the victims of September 11 as donors intended. Highlighted and examined the Red Cross policy to hold for other purposes nearly half of the \$500 million it had raised. Amidst the controversy, Red Cross CEO Dr. Bernadine Healy resigned. Following the extensive, national media coverage generated by the hearing, the Red Cross abruptly changed policy; it announced that all contributions in question would go to September 11 victims, or be returned to donors on request. The</p>

		investigative work also led to House passage of The American Spirit Fraud Prevention Act in February 2003, which aimed at protecting from fraud those who make charitable donations following disasters.
	<b>Review of Federal Agency Computer Security Programs</b>	Reviewed the efforts of Federal agencies within the Committee's jurisdiction to comply with the new government-wide cyber security law. Sent detailed information requests to each of the Federal departments, agencies, and commissions within its jurisdiction. The Committee's review of agency compliance with computer security requirements spurred corrective actions by many of these agencies during the 107th Congress.
<b>Highlights of O&amp;I Work in the 108th Congress</b>		
	<b><u>Health and Health Care</u></b>	
	<b>Investigation of Anti-depressant Use by Children (Hearings September 9 and 23, 2004)</b>	Hearings examined concerns over the safety and efficacy of anti-depressants in children and whether data from various pediatric clinical trials of anti-depressants had been communicated adequately to the public. Highlighted the fact that most of the pediatric anti-depressant clinical trials had not been published in peer-review journals as stand-alone studies. Investigation spurred the industry association, as well as certain pharmaceutical companies, to propose increasing transparency of clinical trial results for all clinical trials (not limited to the pediatric anti-depressant trials) to better inform the public and physicians. Hearings also examined whether the FDA informed the public in an accurate and timely manner about the risks associated with these drugs for children. The investigation spurred the FDA to implement additional safety measures, such as stronger labeling warnings about deadly side effects.
	<b>Investigation of Dietary Supplements (Hearings July 23 and 24, 2003 and June 16, 2004)</b>	Hearings drew national attention to the risks associated with ephedra-containing dietary supplements, as well as the related mislabeling and misleading advertising. The hearings spurred FDA to ban ephedra. Also examined three different dietary products that had been marketed for use by overweight children and continued to highlight questions surrounding the quality of safety research or medical review of dietary supplement products with little or no health value. Investigation uncovered questionable advertisements, which were referred to the FTC, which eventually filed a complaint alleging false and deceptive advertising against the company.

	<p><b>National Institutes of Health Conflict of Interest Policies (Hearings May 12, 18, and June 22, 2004)</b></p>	<p>Hearings exposed conflict-of-interest issues involving NIH employees and drug companies. Investigative work resulted in several actions: the NIH Director issued a memorandum to all NIH employees discouraging them from accepting any financial or travel benefit offered as part of any award from an entity doing business with the NIH and established a conflict-of-interest management committee to review awards offered to NIH employees. The Office of Government Ethics announced new guidance on cash awards to restrict such awards to honorary events and not as a way to compensate government officials for speaking. The NIH announced further restrictions that would prohibit cash awards to any NIH official responsible for a funding decision with the entity offering the award. The NIH also developed a pre-screened list of awards considered to be bona-fide to further eliminate the possibility of ethical abuses. Finally, in June 2004, the Committee's investigation revealed that some NIH scientists had engaged in compensated outside consulting with drug companies without seeking prior approval from NIH or reporting such activities on annual financial disclosure statements filed with the federal government. As a result of the Committee's revealing this problem, the NIH announced in February 2006 that it was banning all outside consulting with drug companies for at least one year.</p>
	<p><b>Investigation of Hospital Billing and Collection Practices (Hearing June 24, 2004)</b></p>	<p>Examined why those who can least afford hospital bills — the uninsured/self-pay patients — were being charged the most for medical services. Investigation reviewed how hospital prices are set and the mark-ups associated with these prices. As a result of the investigation, the five largest hospital systems offered new business plans and collection policies that would reduce hospital charges to certain self-pay patients and limit some collection practices. Shortly after the Subcommittee launched its investigation, the American Hospital Association (AHA) issued an "Alert" to its members stating a "key congressional committee [had] expressed a high level of concern" over the issue and advised each member to review carefully its current practices and policies. The AHA reaffirmed its efforts to address these issues as a result of the subsequent hearing, urging its member hospitals to sign a "Confirmation of Commitment" pledge.</p>
	<p><b>Medicaid Drug Reimbursement (Hearing December 7, 2004)</b></p>	<p>Examined whether the Federal Medicaid program paid too much for prescription drugs, primarily because most states reimbursed based upon Average Wholesale Price, or AWP, a price reported by drug manufacturers. Pricing data and documents obtained by the Subcommittee during its extensive investigation revealed that AWP often bore little relationship to what pharmacies and physicians actually paid for the drugs, particularly for generic drugs. As a result, corrective legislation was made part of the Deficit Reduction Act, saving \$3.8 billion over ten years.</p>

	<b>Investigation into Imported Pharmaceuticals (Hearing June 24, 2003)</b>	Follow-up to investigatory activity in the 107th Congress, examined the findings of a staff investigation of Miami and other major ports of entry, which revealed that the regulatory ability of Customs or FDA had been out-stripped by the sheer volume of drugs imported into the United States for personal use — with enormous risk to the public’s health from counterfeit and other illegal drugs. Revealed that FDA had released 1,233 packages of counterfeit Viagra, which were imported through Miami, FL.
	<b>NIH Salary Limitations</b>	The Subcommittee exposed that NIH, without the knowledge of Congress, had been using provisions under Title 42 of the Public Health Service Act for special consultant authority as a mechanism to increase the salaries of government scientists by evading the salary limitations in the civil service system and treating these full-time, government scientists as if they were temporary expert consultants. As a result, the NIH had compensated nearly 4,000 out of 6,000 of its scientists under this mechanism, including paying some NIH Institute Directors and other senior NIH officials at annual salary rates greater than the salary of the HHS Secretary.
	<b>Availability of Influenza Vaccinations (November 18, 2004)</b>	Examined the flu vaccine shortage and assessed what was being done to protect high-risk individuals for the 2004/2005 flu season and also to decrease the chances of future shortages. Broader vaccine marketplace issues were also examined. Investigated issues surrounding the loss of nearly half of the flu vaccine needed by the United States for the 2004/2005 flu season as a result of contamination at the Liverpool, U.K. manufacturing facility of Chiron Corporation.
	<b>Severe Acute Respiratory Syndrome (SARS) (Hearing May 7, 2003)</b>	Examined risks posed by SARS, public health response, and cutting edge technologies to address such emerging public health threats.
	<b><u>Energy and Environment</u></b>	
	<b>Investigation into Management of Los Alamos National Laboratory (Hearings February 26, March 12, and May 1, 2003)</b>	Investigation uncovered procurement fraud, accounting irregularities, and outright theft of government property, as well as retaliation against whistleblowers at LANL. At several hearings, the Subcommittee was a leading voice in Congress calling for major changes at LANL. Partly in response to this work, the University of California restructured its business practices and made several personnel changes at LANL, including the replacement of the Lab Director. Energy Secretary Spencer Abraham later announced plans to compete the Los Alamos management contract for the first time its history; the University of California had exclusively held the contract for more than fifty years.

	<b>DOE's High-level Waste Management Program (Hearing July 17, 2003)</b>	Released and held a hearing on issues raised by a GAO report that evaluated DOE's \$230 billion program to clean-up high-level radioactive waste at former nuclear weapons production sites — one of the largest cleanup programs in history. The hearing identified weaknesses within DOE's cleanup plans, including a lack of analysis in supporting key cleanup decisions, and a failure to incorporate sufficiently mature technologies into projects. More than \$30 billion in savings could be realized if program and management improvements were implemented. The Committee successfully helped pass legislation to authorize DOE to reclassify high-level waste, per GAO's recommendation, to help speed cleanup of these wastes at Savannah River and the Idaho site.
	<b>Worker Safety at Hanford Site</b>	Following reports of safety incidents at the high-level radioactive waste tank cleanup project at the Hanford site, in Richland, WA, Committee staff opened an inquiry to review actions by the contractor in charge of the cleanup project and continued to monitor the contractor and DOE efforts to improve worker safety at the tank farms. Subsequently, DOE and its contractor took steps to enhance worker safety requirements and health monitoring for workers at the Hanford tank farms.
	<b><u>Telecommunications</u></b>	
	<b>Investigation of E-rate Program (Hearings June 17, July 22, and September 22, 2004)</b>	Investigation of the FCC's \$2.25 billion-per-year E-rate program highlighted systemic flaws in the program, as well as fraud and abuse of ratepayer money, and spurred tightened agency oversight, while laying groundwork for Congressional legislative reform. The probe uncovered tens of millions of dollars of wasted spending and program abuse: Puerto Rico public schools wasted \$100 million in E-rate funds. A nationwide bid-rigging conspiracy involved another \$40 million in questionable E-rate commitments. Investigators identified anti-competitive practices involving more than \$500 million in E-rate applications, including "gold plating" of some \$27 million for E-rate maintenance provided by IBM to an El Paso, Texas, school district. Probe led to SBC Telecommunications identifying inappropriately stockpiled E-rate equipment, which SBC's outside counsel concluded violated program rules, prompting SBC to pay \$8.8 million back to the E-rate administrator. Investigation into allegations of E-rate waste in Atlanta Public Schools reported by the <i>Atlanta Journal Constitution</i> led to Atlanta Public Schools' outside counsel submitting a 117 page report to the Committee detailing mismanagement by the school district and its E-rate vendors involving some \$60 million in E-rate program spending. The investigation continued into the 109th Congress and culminated in a staff report providing a framework for reform. <b>[<a href="#">Link to report</a>]</b>

	<b><u>Homeland Security and Critical Infrastructure Protection</u></b>	
	<b>Nuclear Power Plant Security (Hearing March 18, 2003)</b>	Reviewed the NRC's proposed changes to security requirements at nuclear power plants. The new changes were finalized and their implementation commenced at nuclear plants across the country. In response to this work, the Committee passed legislation in the Energy Policy Act of 2005 that required NRC to conduct a comprehensive review of its security requirements at nuclear power plants.
	<b>Port and Border Security (Hearings September 30 and December 16, 2003 and March 31, 2004)</b>	Focused on efforts of the Bureau of Customs and Border Protection (CBP) to secure the nation's ports and borders from terrorist efforts to smuggle weapons of mass destruction into the United States. Reviewed the Federal government's progress toward installing radiation detection monitors at U.S. ports and borders, including CBP's ongoing efforts to install radiation portal monitors at each port to screen incoming cargo for radiological weapons. Reviewed the CBP's targeting and inspection program for sea cargo, focusing on CBP's efforts to implement a system to screen all incoming sea cargo and target for evaluation and inspection high-risk cargo entering the United States. To expedite the funding and implementation of these border protection measures, in light of this investigation, the Committee issued a public letter that warned of the "dangerously slow deployment" of radiation monitoring systems. The warning resulted directly in Congress adding \$67.4 million to the Emergency Supplemental Bill in the spring of 2003 for more rapid deployment of systems capable of detecting radiological material at ports and borders at major seaports across the United States.
	<b>Security at DOE/NNSA Nuclear Facilities (Hearings March 4 and May 11, 2004)</b>	Assessed the state of security at DOE nuclear facilities, and the implementation of the revised design basis threat (DBT) at various sites managed by DOE and the NNSA. Reviewed specific physical security testing irregularities at the Y-12 facility at Oak Ridge National Laboratory. Pressed the Department to follow-through on long overdue plans to remove high-impact nuclear materials out of the TA-18 area at Los Alamos into more secure facilities. Subsequently, the Department moved the materials to more secure facilities at the Nevada Test Site.
	<b>Security and Safety Problems at Los Alamos National Laboratory</b>	Continued to review and monitor security and safety problems at LANL. The lab continued to demonstrate a lack of rigor in its management of Classified Removable Electronic Media (CREM). The Full Committee Chairman and Committee staff visited Los Alamos in July 2004 to review the situation personally. He then sent letters to the NNSA Administrator and the LANL Director requesting a complete estimate of the costs to the taxpayers resulting from the ongoing stand-down at LANL due to the events.

	<b><u>Corporate Accounting Practices and Oversight</u></b>	
	<b>Investigation into Financial Irregularities at HealthSouth (Hearings October 16 and November 5, 2003)</b>	Examined allegations of accounting fraud by this major health care company, as well as Medicare billing issues, which culminated in two hearings that explored the financial irregularities at the corporation, amid allegations of fraud and material misstatements of earnings spanning almost a decade, and the roles that its Board of Directors, outside auditor, investment bankers and outside law firms and lawyers may have played in this debacle. Information revealed due to investigation led to resignation of UBS Warburg's HealthSouth analyst Howard Capek. The former Chairman and CEO Richard Scrushy and former Senior Vice President of Corporate Finance Susan Jones-Smith both invoked their Fifth Amendment rights against self-incrimination at the hearing.
<b>Highlights of O&amp;I Work in the 109th Congress</b>		
	<b><u>Health and Health Care</u></b>	
	<b>Investigation into NIH Policies and Practices in re: Human Tissue Samples (Hearings June 13 and 14, 2006)</b>	Raised serious questions of misconduct in connection with, and inadequate oversight and control over, human tissue samples in NIH intramural programs. The investigation exposed a case in which a scientist personally received \$285,000 from a drug company for activities that overlapped his official duties. Following the hearings, the scientist, who invoked his Fifth Amendment right against self-incrimination at hearing, pleaded guilty to a federal conflict-of-interest misdemeanor. Investigation helped drive policy change at NIH. As a result of the investigation, the NIH made some changes in policy with possibly additional changes following review.
	<b>Ethics and Management Concerns at NIH and the Public Health Service Commissioned Corps (Hearing September 13, 2006)</b>	Conducted oversight concerning continued ethics and management concerns at the Commissioned Corps and at NIH, by way of follow-up with ethics and management investigations opened in the 108th Congress.
	<b>FDA Drug-Safety Decision-making</b>	GAO issued a Committee-requested study that concluded the FDA "lacks clear and effective processes for making decisions about" the safety of medicines upon which millions of Americans rely. As a result, HHS and FDA took steps to address concerns raised in the report.

	<b>Investigation into Hospital-Acquired Infections</b> <b>(Hearing March 29, 2006)</b>	Examined whether public reporting of infection rates is an effective method for reducing Hospital-acquired infections (HAIs) and whether national, uniform reporting standards are necessary, appropriate, and would provide consumers with meaningful, scientifically sound data. HAIs result in an estimated 90,000 deaths and \$4.5 billion in excess healthcare costs annually. Investigation drove policy debate, which culminated in CDC issuing new guidance for managing Multidrug-Resistant Organisms in healthcare settings.
	<b>Investigation of Public Health Implications of Mass Tort Screening</b> <b>(Hearings March 8, March 31, June 6, and July 26, 2006)</b>	Exposed how physicians, medical screening companies, and lawyers generated some 10,000 questionable claims of silicosis, a largely incurable and often fatal lung condition, for the purpose of personal injury lawsuits. Four physicians who diagnosed more than 3,800 patients invoked Fifth Amendment rights against self-incrimination and declined to testify, as did several screening company operators responsible for the bulk of the screenings.
	<b>Investigation into the 340B Drug Discount Program</b> <b>(Hearing December 15, 2005)</b>	Identified structural, logistical, and transparency problems in the program, which is designed to provide outpatient drugs at a discount to certain health care providers to the poor, such as community health centers.
	<b>Oversight of Hospital Disaster Preparedness</b> <b>(New Orleans field hearing January 26, 2006)</b>	Examined what happened to hospitals in the New Orleans flood zone during Hurricane Katrina, the preparations made prior to the hurricane, and how hospitals were able to evacuate patients and staff. The inquiry identified areas to improve in future disaster preparedness planning for hospitals.
	<b>Influenza Preparedness Oversight</b> <b>(Hearing May 4, 2005)</b>	Assessed U.S. state of readiness for the 2005-2006 flu season; follow-up to investigative work on flu vaccine safety and influenza preparedness in the 108th Congress.
	<b>Oversight of the Community Health Center Program</b> <b>(Hearing May 25, 2005)</b>	Examined various aspects of the community health center program, including the Federal grant process, the role of Medicaid and Medicare, and ways to improve the delivery of care to the medically underserved. Raised awareness about the community health centers and cost-effectiveness for Medicare and Medicaid. Launched a GAO study to determine how community health centers improve public health and reduce health costs overall, which is due in the 110 <sup>th</sup> Congress.
	<b>Investigation into Subversion of Drug Testing Programs</b> <b>(Hearing May 17, 2005)</b>	Identified the extent of illegal drug use generally and in the workplace, the purpose and effect of drug testing, and the effect of products that subvert drug testing as to human, economic, and national security costs. Legislation was proposed as a result of the hearing.

	<b>Investigation into Sale of Controlled Substances over the Internet (Hearing December 13, 2005)</b>	Revealed how consumers of any age can purchase highly addictive controlled substances, sometimes without prescription or consultation with a physician, over the Internet. Assessed the nature and extent of access to these controlled substances over the Internet, current actions to curtail such access, current restraints on further actions that could be taken, and identified possible actions that would require Federal legislation, administrative action, or private sector initiatives. Investigation helped spur interaction and cooperation among the federal agencies (DEA, FDA, Customs) and industry.
	<b>FDA Drug Safety Labeling</b>	Following FDA-requested withdrawal of the painkiller Palladone from the market, the investigative staff learned that FDA had posted outdated information about Palladone's safety labeling during its post-market safety review. Committee investigatory letters prompted FDA to change its policy so that its Website would carry up-to-date safety information for physicians and consumers.
	<b>NIH Policymaking from HIVNET 012 Study</b>	Questions raised by Full Committee and Subcommittee leadership concerning the accuracy of an influential government study of HIV drugs led to an Institute of Medicine review of the studies. This review found that the government study findings "could be relied upon for scientific and policy-making purposes."
	<b>NIH Grants Funding Oversight</b>	The HHS inspector general, at the Full Committee Chairman and the Subcommittee Chairman's request, agreed to conduct a nationwide, randomized audit on graduate student compensation as a first step to determine if NIH taxpayer funds are used appropriately and for actual work on NIH funded programs.
	<b>NIH Ethics Oversight: Recusals</b>	Launched GAO study of NIH internal control procedures over conflict of interest, with a focus on the rules of recusal at the NIH for employees, contractors, and outside experts, and a description of the structures that are in place for the application, monitoring, and enforcement of the rules of recusal among NIH institutes and centers. The GAO study was a result of Subcommittee investigative work into a March 2002 award to Harvard University of a five-year, \$40 million subcontract for a molecular target laboratory (MTL) through a prime contract funded by the National Cancer Institute.
	<b>Extra-Territorial Application of the Federal FDCA</b>	Wrote to the U.S. Attorney General, requesting that the Department of Justice provide its updated views concerning the application of the Federal Food, Drug, and Cosmetic Act (FDCA) to individuals operating outside the United States who sell counterfeit, misbranded, and adulterated drugs to consumers in the United States, and who cannot be prosecuted on other statutory grounds. DOJ responded that it supported legislative clarification of the applicability of FDCA.

	<b><u>Energy and Environment</u></b>	
	<b>Investigation of BP Pipeline Spills at the Greater Prudhoe Bay Oil Field (Hearing September 7, 2006)</b>	<p>Focused on the issues surrounding the 2006 oil spills from corroded crude oil transmission pipelines for the Greater Prudhoe Bay Oil Field, and identified the flaws in BP's management of its corrosion control and monitoring program, including BP's failure to routinely inspect and maintain the pipelines properly through the use of "pigging" devices. The former head of the company's corrosion control program at Prudhoe Bay invoked his Fifth Amendment right against self-incrimination and refused to answer the Committee's questions. The hearing disclosed an internal investigation, conducted by the law firm Vinson &amp; Elkins, that demonstrated that BP employees expressed numerous concerns about the quality and adequacy of the corrosion control program. BP executives testified that the company would replace 16 miles of transmission pipeline, increase the field's maintenance budget, and that it had hired former federal judge Stanley Sporkin to address employee concerns about safety and maintenance on the Prudhoe Bay pipelines.</p>
	<b>Management Concerns at Los Alamos National Laboratory (Hearing May 5, 2005)</b>	<p>Reviewed a wide range of ongoing management problems identified by the DOE Inspector General and the Defense Nuclear Facility Safety Board, as well as more recent security and safety problems that led to the shutdown of operations at LANL.</p>
	<b>Cyber Security at DOE (Hearing June 9, 2006)</b>	<p>Reviewed cyber security challenges at DOE, including reports of significant weaknesses in both the management processes and the operational controls relied upon to protect the unclassified information systems vital to DOE operations. At the hearing, the Subcommittee revealed that a cyber attack at an NNSA site resulted in the removal of a file with personal information on over 1,500 NNSA contractor employees, including their Social Security numbers. After the hearing, NNSA took immediate steps to inform each employee whose personal information had been stolen.</p>
	<b>NRC's Reactor Oversight Process (Hearing June 16, 2006)</b>	<p>Reviewed NRC's reactor oversight process (ROP). NRC developed the ROP to regulate the nuclear industry more effectively and efficiently, by applying more objective, timely, and risk-informed criteria when assessing nuclear plant performance. Under the ROP, few nuclear plants have experienced significant safety performance issues overall and even fewer plants have experienced multiple or repetitive degraded conditions. NRC testified that it would continue to improve the ROP by increasing its transparency and incorporate additional risk informed measures.</p>
	<b>Plutonium Consolidation and Disposal at DOE Sites</b>	<p>As part of ongoing oversight, reviewed GAO findings regarding DOE's efforts to consolidate surplus plutonium inventories. Consolidation of</p>

	<b>(Hearing October 7, 2005)</b>	plutonium inventories to one site would reduce significant health and safety issues and reduce large security costs associated with storing this material in multiple locations. At the hearing, DOE testified that it would move forward and develop a plan for plutonium consolidation within two years. The Committee sent a follow-up letter requesting that GAO review issues related to the storage, monitoring, and disposal of surplus weapons-grade plutonium.
	<b>DOE Laboratory Safety</b>	Los Alamos National Laboratory was not alone in standing down its facilities. In October 2004, the Stanford Linear Accelerator Center had a stand-down of operations for nearly 5 months following a serious electrical accident. Lawrence Livermore Laboratory's Plutonium Facility, also operated by the University of California, had a stand-down in January 2005 because of safety concerns, and resumed reduced activities only in October 2005. In light of this, the Full Committee Chairman and Subcommittee Chairman requested GAO to conduct a review of the safety performance of the DOE's major laboratories, including actions taken by DOE to improve the safety performance of its management and operating contractors.
	<b>Review of Climate Change Science Assessments (Hearings July 19 and July 26, 2006)</b>	Raised new questions about the reliability of the United Nation's 2001 Intergovernmental Panel on Climate Change (IPCC) Third Assessment Report. Review led to two independent reports that definitively challenged the reliability of key studies that formed the basis for the IPCC finding that the 1990s and 1998 were the warmest decade and year in 1,000 years. The review also identified the lack of sound statistical methodology in climate change studies and the need to involve a broader array of scientific disciplines in climate change assessments, to ensure best-quality science.
	<b>Clean up of Hanford Tank Farms in Richland, WA</b>	The Full Committee Chairman and Subcommittee Chairman requested from the DOE information on the cost and status of the construction of vitrification plants for the immobilization of high and low-level radioactive wastes. DOE had failed to develop a reliable cost and schedule baseline for the project. As a result, the initial December 2000 cost estimate for the project of \$4.32 billion grew to a cost estimate of \$12.2 billion. Following the request, DOE asked the U.S. Army Corps of Engineers to validate these costs and commenced work towards finalizing a baseline for the project by the Spring of 2007.
	<b>Yucca Mountain oversight</b>	The Full Committee Chairman and Subcommittee Chairman sent a letter to Energy Secretary Bodman to obtain documents relating to falsification of documentation by employees of the United States Geological Survey at the Yucca Mountain project. The documentation in question related to computer modeling involving water infiltration and climate. The Department took several steps to review and analyze

		the data in question to ensure that the technical aspects of the repository license application are not affected.
	<b><u>Telecommunications</u></b>	
	<b>Investigation of Sexual Exploitation of Children Over the Internet</b> <b>(Hearings April 4, April 6, May 3, June 27, June 28, July 10, September 21, and September 27, 2006)</b>	<p>Through the Subcommittee's efforts, several measures were undertaken that would enhance the efforts of law enforcement and industry to detect and stop the proliferation of sexually exploitative images of children over the Internet, including: (1) the Internet Service Provider industry started blocking access to sites that National Center for Missing and Exploited Children (NCMEC) determined had images of child pornography and which do <u>not</u> need to remain open for law enforcement investigative purposes; (2) a Technology Coalition consisting of major ISPs including AOL, Google, Yahoo! and Earthlink was voluntarily formed, with a \$1 million donation by each provider, to enhance the technological capabilities of the industry and law enforcement to detect and take down these illegal sites; (3) Comcast voluntarily agreed to lengthen its data retention period for Internet Protocol (IP) addresses attached to subscriber information from 30 days to 180 days to assist law enforcement in investigations involving the exploitation of children over the Internet; (4) the FCC issued a declaratory ruling that cellular carriers are subject to the Cybertipline reporting requirements, which will enhance Cybertipline reporting of illegal images and content and (5) the financial services industry formed a Financial Coalition with NCMEC to enhance the ability of credit card companies and merchant banks to detect and eliminate online merchants with commercial child pornography sites. Hearings also brought national attention to the victims, featuring, in particular, the testimony of Justin Berry, a 19-year-old who, beginning at age 13, was sexually exploited by various child predators on the Internet. Mr. Kenneth Gourlay of Michigan, whom Justin Berry had identified as the man who first molested him after meeting him online, appeared pursuant to Committee subpoena. Mr. Gourlay asserted his Fifth Amendment right against self-incrimination at the hearing. Subsequently, Gourlay was arrested by Michigan State authorities on several felony charges relating to Mr. Berry's public allegations against him, as well as based on additional evidence related to child pornography charges. Following the investigation, Committee staff wrote a bipartisan staff report outlining issues and findings of the investigation for use by the Committee. <b>[Link to report]</b></p>
	<b>Investigation of E-rate Program</b> <b>(Hearings March 17 and October 5, 2006)</b>	<p>Identified systemic weaknesses in FCC management of the E-rate program. The weaknesses helped contribute to the tens of millions of dollars of waste, fraud, and abuse of the program identified by investigation in the 108th Congress. A requested GAO study's recommendations formed a critical portion of a subsequent FCC notice</p>

		of proposed rulemaking to address the management and financial accountability concerns. Follow-up questions at hearing seven months later, however, highlighted that FCC had yet to take promised action on program audits. These and related problems exposed in the two-year investigation were detailed in the bipartisan staff report adopted by Subcommittee to help guide reform of the E-rate program. <b>[Link to report]</b> A number of indictments and criminal convictions of individuals identified in the investigation subsequently occurred.
	<b><u>Commerce, Trade, Consumer Protection</u></b>	
	<b>Investigation of Hewlett-Packard's Pretexting Scandal (Hearing September 28, 2006)</b>	Public exposure of the details of the H-P corporate spying scandal highlighted the privacy invasions of "pretexting" and provided impetus to state and federal legislative efforts to explicitly outlaw pretexting (see next item). Investigation also led to resignation of H-P Chairman of the Board Patricia Dunn and H-P General Counsel, among others.
	<b>Investigation of Data Brokers and Pretexting (Hearings June 21, June 22, and September 29, 2006)</b>	Exposed the nature and scope of the Internet-based data broker industry, particularly its use of pretexting or "social engineering" – that is, deceit, impersonation, and fraud – to procure and sell consumers' confidential cell phone calling records and other personal consumer information, such as bank account activity or credit card statements. The hearings publicly demonstrated exactly how pretexters acquire confidential information and showed that the purchasers of such information include major lending institutions, large corporations, and local and federal law enforcement agencies. This work contributed to legislative efforts to explicitly outlaw pretexting. Investigative information publicly released by the Committee also enhanced a number of ongoing law enforcement and regulatory efforts to combat pretexting.
	<b>Investigation of Health and Welfare issues in Thoroughbred Horse Racing (Hearings October 18 and November 17, 2005 and May 9, 2006)</b>	Investigated issues related to on-track injury insurance for jockeys and other workers who are injured by race horses. Exposed the abuse and neglect by the leadership of the Jockeys' Guild – a national association of professional jockeys. By examining issues related to conflicts of interest, abuse and misuse of Guild funds, and breach of fiduciary duties, investigative hearing led directly to the ouster of the abusive management team by the Guild's board of directors. This work also brought attention to the need for better on-track insurance policies, and prompted most of the industry's race tracks to increase substantially the benefits provided by their on-track insurance policies.

	<b><u>Homeland Security and Critical Infrastructure</u></b>	
	<b>Oversight of Security Initiatives at DOE Nuclear Facilities (Hearings March 18 and May 5, 2005)</b>	Reviewed the implementation of several ongoing security initiatives at NNSA sites, and specifically reviewed security problems that led to the shutdown of operations at LANL. In the aftermath of the September 11 attacks, physical security requirements at DOE and NNSA sites were dramatically increased to reflect the possibility of large attacks by terrorists who are willing to die to inflict massive damage.
	<b>Reducing the threat of Nuclear Terrorism (Hearing May 24, 2005)</b>	Reviewed the DOE's Global Threat Reduction Initiative (GTRI), a program to secure high-risk nuclear and radiological materials around the world that could pose a threat when used in a radiological dispersion device (RDD or "dirty bomb") or in an improvised nuclear device. In response to this work, the Committee supported the incorporation of legislation in the Energy Policy Act of 2005 requiring DOE to establish a research and development program to study alternatives to industrial radioactive sources.
	<b><u>Miscellaneous Oversight and Investigative Activity</u></b>	
	<b>Waste, Fraud, Abuse in Post Katrina Recovery (Hearing September 28, 2005)</b>	Reviewed the oversight plans and activities of various Inspectors General with regard to spending for disaster relief and recovery in the Gulf Coast following hurricanes Katrina and Rita. The hearing focused on efforts to guard against waste, fraud, and abuse and issues related to such oversight of funding and programs that will be involved in long-term rebuilding. As a result of hearing, the President's Council on Integrity and Efficiency (PCIE) and Executive Council on Integrity and Efficiency (ECIE), the two coordinating entities for Federal Inspectors General, commenced issuing 90-day reports for the Subcommittee Chairman to Congress regarding Inspectors General oversight of Gulf Coast hurricane recovery.
	<b>Investigation of the United Nation's Oil-for-Food Program (Hearings May 16 and June 21, 2005)</b>	In-depth investigation into abuses of the Oil-for-Food Program by the former Iraqi Regime of Saddam Hussein during the 108th and 109th Congresses revealed that the Regime exploited lax oversight of the Program and political divisions within the United Nations to enrich itself at the expense of the Iraqi population. Documents disclosed at the hearing – many of which had been translated from Arabic for the Subcommittee – detailed how the Regime used lucrative oil allocations to bribe influential individuals and foreign governments in an effort to undermine sanctions. Investigation also revealed how internal divisions within the United Nations' Security Council adversely impacted the effectiveness of the Program.

	<b>Implementing an All-Hazard Satellite Warning System (Hearing March 9, 2005)</b>	<p>Examined efforts by the United States and other countries to implement a Global Earth Observation System of Systems (GEOSS) all-hazards warning system and highlighted the benefits of an all-hazards warning system for the energy, environment, and public health and emergency preparedness sectors. GEOSS represents an initiative to link satellites and other technology into an integrated system to share data, enabling improved prediction of weather and geological-related events, such as the December 2004 South Asia tsunami.</p>